



NEWS

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CBO: Children Saw Major Gains from Welfare Reform

As Democrats gather today for a summit on issues affecting children, we should remember that Republican policies have a solid record of helping to reduce poverty among young people. Finding effective ways to help kids doesn't necessarily mean throwing more federal money at the problem. We need to support policies that encourage education, self-reliance, and responsibility.

On May 16, the Congressional Budget Office released a report titled "Changes in the Economic Resources of Low-Income Households with Children"

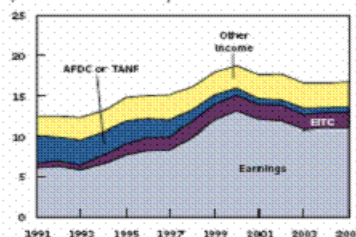
(<http://www.cbo.gov/ftpdocs/81xx/doc8113/05-16-Low-Income.pdf>). This report found average incomes among the bottom 20 percent of households with children rose 35 percent between 1991 and 2005, driven by welfare reform and other pro-work policies. Key findings of the report include:

Average incomes rose 35 percent...

Figure 1.

Sources of Income for Low-Income Households with Children

(Thousands of 2005 dollars)

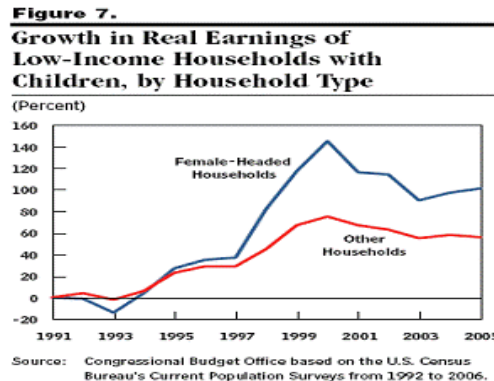


Source: Congressional Budget Office based on the U.S. Census Bureau's Current Population Survey from 1992 to 2006.

For more information, please visit <http://www.house.gov/herger> on the Internet!

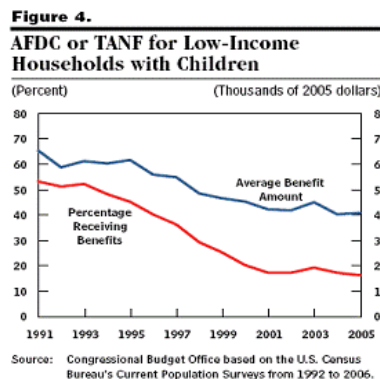
"In 2005, the average annual income of the nation's poorest households with children (those in the bottom 20 percent, the lowest quintile, of the income distribution) was \$16,800, which was 35 percent higher in real (inflation-adjusted) terms than it had been in 1991." (p.1)

...as average earnings grew sharply...



"Between 1991 and 2005, household earnings doubled (on average) in female-headed low-income households, while earnings increased by about 55 percent for low-income households headed by married couples or single males." (p. 4-5)

...while the number of welfare recipients declined.



"Between 1991 and 2005 there was a substantial decline in the contribution of AFDC or TANF payments to the income of low-income households with children. In 1991, AFDC accounted for nearly 30 percent of income for those households, more than all other forms of unearned income combined. By 2005, TANF contributed 4 percent—about the same as SSI, but less than Social Security and the EITC, and only slightly more than child support." (p. 3)

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